



LODI CITY COUNCIL

Carnegie Forum

305 West Pine Street, Lodi

AGENDA - SPECIAL MEETING

Date: July 6, 2004

Time: 7:00 a.m.

For information regarding this agenda please contact:

Susan J. Blackston

City Clerk

Telephone: (209) 333-6702

NOTE: All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 24 hours prior to the meeting date.

A. Roll call

B. Regular Calendar

B-1 Presentation and appropriate direction regarding CalPERS medical costs and options for consideration (HR)

C. Adjournment

Pursuant to Section 54956.2(a) of the Government Code of the State of California, this agenda was posted at a place freely accessible to the public 24 hours in advance of the scheduled meeting.

Susan J. Blackston
City Clerk

****NOTICE:** Pursuant to Government Code §54954.3(a), public comments may be directed to the legislative body concerning any item contained on the agenda for this meeting before (in the case of a Closed Session item) or during consideration of the item. **



CITY OF LODI COUNCIL COMMUNICATION

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AGENDA TITLE: Presentation and Appropriate Direction Regarding CalPERS Medical Costs and Options for Consideration

MEETING DATE: Tuesday, July 6th, 2004

PREPARED BY: Risk Manager

RECOMMENDED ACTION: That Council hears the presentation regarding CalPERS Medical Costs and Options for Consideration and provides any direction they deem appropriate.

BACKGROUND INFORMATION: The City recently received medical insurance rates from CalPERS which will become effective January 1st, 2005. While rates do vary by provider, the increase applicable to members of Blue Shield is 23.71% - most City employees (84%) are members of this HMO.

These increases present the City with additional expenditures for active City employees in calendar 2005 that are approximately \$724,332 greater than calendar 2004. A primary factor driving this increase is CalPERS new practice of "regional rating". This effectively serves to drive rates up in northern California while lowering them in southern California. CalPERS medical program members in the Los Angeles area will realize rate decreases of as much as 8.7%. The HMO premium increase for State employees will increase, but only by 11.4%, not the 23.71% facing northern California cities.

The City of Lodi's benefits broker, ABD Insurance & Financial Services, has located a potential alternative medical insurance provider, PacifiCare, which the City may wish to consider. PacifiCare's rates for active City employees in calendar 2005 represent additional expenditures for active City employees in calendar 2005 that are approximately \$333,798 greater than calendar 2004. This is \$390,534 less than the CalPERS increase. Meetings were conducted on 6/28/04 and 7/1/04 where representatives of the City's various bargaining groups and City employees were invited to learn about this potential change and ask questions. Representatives from ABD and PacifiCare will be present at this Council meeting to answer any questions Council members may have.

Should the City of Lodi decide to withdraw from the CalPERS Medical Program, a resolution to this effect must be adopted by City Council by Monday August 16th, 2004. The scheduled Council meeting prior to this deadline is August 4th, 2004.

FUNDING: Not Applicable

Kirk J. Evans
Risk Manager

APPROVED: _____
H. Dixon Flynn, City Manager